

MANAGEMENT BULLETIN

NUTRITION SERVICES DIVISION

No. 00-210

TO:	Public and Private Agencies Participating in the Child and Adult Care Food Program	ISSUE DATE: February 2001
ATTENTION:	Agency Directors	
SUBJECT:	Public Law 106-224	
REFERENCE:	United States Department of Agriculture APB: CAC-00-13	

This Management Bulletin discusses the anticipated operational and eligibility changes to the Child and Adult Care Food Program (CACFP) that are the result of The Agricultural Risk Protection Act of 2000 (ARPA) or Public Law 106-224. It is the **first of four** management bulletins that will convey the recent changes to the federal law that authorizes the CACFP.

Two terms, "institution" and "sponsoring organization", appear throughout the texts of the management bulletins. According to the CACFP regulations, 7 CFR 226.2, an institution is defined as a "sponsoring organization, child care center, outside-school-hours care center or adult day care center which enters into an agreement with the State agency to assume final administrative and financial responsibility" for the operation of the CACFP. In other words, institution is the general term used in the regulations for participants in the CACFP. Sponsoring organization has a more specific definition. According to the CACFP regulations, 7 CFR 226.2, a sponsoring organization is a public or private nonprofit agency that is "entirely responsible for the administration of the food program in: (a) One or more day care homes; (b) a child care center, outside-school-hours care center, or adult day care center which is a legally distinct entity from the sponsoring organization; (c) two or more child care centers, outside-school-hours centers, or adult day care centers; or (d) any combination of child care centers, adult day care centers, day care homes, and outside-school-hours care centers."

Operational Changes:

Program Monitors

Forthcoming CACFP regulations will contain program staffing standards. The standards will require that sponsoring organizations (sponsor) employ a minimum number of monitors for the oversight of their sponsored day care homes or centers or both.

Monitoring Requirements

ARPA requires a sponsor to annually make at least one scheduled visit to its homes or centers. A sponsor also will be required to conduct a certain number of unscheduled or unannounced visits to its homes or centers. These new monitoring provisions must be implemented no later than October 1, 2000, which is the beginning of both a new program year and a new monitoring cycle. The specifics of the new monitoring requirements will be discussed at a later date, once the regulations that address these new requirements are issued.

In addition, state agencies now must conduct a compliance review of every CACFP sponsor at least one every three years. As noted, the regulations that address these new requirements will be forthcoming.

Administrative Expenses

Effective October 1, 2000, a center sponsor may retain no more than fifteen percent of its CACFP meal reimbursement for administrative expenses. CDE currently limits a sponsor of independent centers to fifteen percent of its reimbursement for administration. Now, all center sponsors must operate under the same limitation.

In conjunction with this new requirement and with the increased emphasis on program integrity, ARPA instructed the United States Department of Agriculture (USDA) to develop a list of allowable administrative expenses. Toward this end, USDA is in the process of revising FNS Instruction 796-2 (Financial Management-CACFP), which is based upon the USDA Uniform Federal Assistance Regulations (7 CFR Part 3016 and 3019) and Office of Management and Budget Circulars (particularly A-87 and A-122).

Family Day Care Home Transfers

According to ARPA, a family day care home may transfer from one sponsor to another only once during a program year. CDE may permit more frequent transfers for valid reasons, such as the closure of a sponsor.

Outside Employment of CACFP Employees

Effective immediately, sponsors must develop personnel policies that speak to the outside employment of their CACFP employees. In doing so, sponsors must bear in mind that outside employment should not interfere with CACFP responsibilities, nor raise ethical concerns or questions of conflict of interest.

Program Eligibility:

Certification of Eligibility

Effective immediately, any institution that applies or reapplies for participation must certify to CDE that it has not been disqualified from any publicly-funded program for violation of program requirements. A publicly-funded program encompasses any program or grant that is funded by federal, state, or local government.

CDE will advise current CACFP participants as to the process for certification.

Financial Viability, Administrative Capability, and Internal Controls

According to ARPA, in order for a new institution to be approved to participate in the CACFP, it must be financially viable and administratively capable and have internal controls in place that will ensure program accountability. The law suggests that an agency should be considered administratively capable if it has the requisite business experience and appropriate management plans in place for the successful operation of the CACFP.

State agencies have received guidance and training from USDA on procedures for evaluating applicants as to their readiness for participation in the CACFP.

Tax Exemption

Effective June 20, 2000, a private agency that applies for participation in the CACFP must either:

- Have tax-exempt status, as defined under the Internal Revenue Code of 1986;
- Operate a federal program that requires nonprofit status to participate; or,
- Receive Title XX compensation for at least twenty-five percent of the participants enrolled in the child or adult care center or twenty-five percent of the center's licensed capacity, whichever is less.

Previously, an agency that was "moving toward tax exempt status" was allowed to participate in the CACFP for a specified period of time (at first, it was one year and then more recently, 180 days), before securing the tax-exempt designation. ARPA eliminates this interim period.

If you have any questions, please contact John Copley, Program Analyst, Nutrition Program Management Unit, at (916) 323-6631, (800) 952-5609, or jcopley@cde.ca.gov.

Marilyn Briggs, Director
Nutrition Services Division
Assistant Superintendent of Public Instruction

The U.S. Department of Agriculture (USDA) and the California Department of Education's Nutrition Services Division (NSD) prohibit discrimination in all their programs and activities on the basis of race, color, national origin, gender, religion, age, or disability.

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). The USDA and the NSD are equal opportunity providers and employers.